



PATENT

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE
BOARD OF APPEALS AND PATENT INTERFERENCES**

In re patent application of:

) Date: April 30, 2003

Thomas J. Foth et al.

) Attorney Docket No.: E-974

Serial No.: 09/474,492

) Customer No.: 00919

Filed: December 29, 1999

) Group Art Unit: 3624

Confirmation No.: 2311

) Examiner: Steven Wasylchakl

Title:

METHOD AND APPARATUS FOR PROVIDING ELECTRONIC
REFUNDS IN AN ONLINE PAYMENT SYSTEM

BRIEF ON APPEAL

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GROUP 3600

Assistant Commissioner for Patents
Washington, D.C. 20231

Sir:

This Appeal Brief, under 37 C.F.R. Section 1.192, is being filed in triplicate together with a Petition for a One-Month Extension of Time. The Appeal Fee in the amount of \$320.00 and the One-Month Extension of Time Fee in the amount of \$110.00 in accordance with 37 C.F.R. Sections 1.17(c) and 1.17(a)(2) should be charged to deposit account number 16-1885. If the fees for this appeal are deemed to be insufficient, authorization is hereby given to charge any deficiency (or credit any balance) to deposit account number 16-1885.

REAL PARTY IN INTEREST

The real party in interest is Pitney Bowes Inc. which acquired all rights to the above-identified application by way of an assignment which was recorded in the Assignment Branch of

05/07/2003 JADD01 00000048 161885 09474492
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the United States Patent and Trademark Office on December 29, 1999 at Reel 010484 and Frame 0544.

RELATED APPEALS AND INTERFERENCES

There are no related Appeals or Interferences which will directly affect or be directly affected by or have a bearing on the Board's decision in the instant appeal.

STATUS OF CLAIMS

This Application is on Appeal, pursuant to 35 U.S.C. Section 134, from the Second rejection of claims 1-24 dated September 30, 2002. The instant application was originally filed with claims 1-12. In the Amendment filed on July 11, 2002 claims 1, 5-7, and 10-12 were amended and claims 13-24 were added. Accordingly, claims 1-24 are currently pending.

STATUS OF AMENDMENTS

An amendment to claims 14-24 is being filed concurrently herewith to correct a minor informality in the dependency of the claims. Accordingly claims 1-24, as amended by way of the concurrently filed amendment, are being appealed and are set forth in Appendix A.

SUMMARY OF THE INVENTION

Page 14, line 1, to page 15, line 26, together with figure 8 provide a detailed description of an embodiment of the inventive refund method and structure. Specifically, each buyer 102 has a vault 170 and an associated dispute account (no numeral) established at a payment computer 132. Computer 132 communicates with buyer computer 122 to complete an electronic purchase of a product by the buyer 102. However, once the sale is completed, the buyer 102 is given the opportunity to request a refund if they are not satisfied with the product (Figure 8, step 800). If the buyer 102 requests a refund, the payment computer 132 may perform various checks at step 824 to determine if a refund is permissible. Assuming the checks at step 824 are satisfactory, a refund is given to the buyer by crediting the buyer account 170 by the refund amount (step 830). Further, the refund amount is also accounted for

in the separate refund (dispute) account (step 820). By tracking an individual buyer's refund activity in their dispute account, a threshold value can be set which, when exceeded, would cause the buyer's vault 170 to become inactive as set forth, for example, in claim 2.

In other words, if a buyer exceeds their pre-allocated unchallenged refund request threshold no further refund requests will be automatically honored. This inventive method permits refunds to be freely and automatically given while at the same time providing a mechanism for detecting refund abusers and ensuring that their continues will not occur.

ISSUES

At issue in this Appeal is the propriety of the following rejection:

1. Claims 1-11 and 13-24 stand rejected under 35 U.S.C. 103 (a) as being unpatentable over United States Patent No. 5,757,917 (Rose).
2. Claim 12 stands rejected under 35 U.S.C. 103 (a) as being unpatentable over Rose in view of United States Patent No. 6,029,146 (Hawkins).

GROUPING OF THE CLAIMS

With respect to Issue 1 above:

1. Claims 1, 2, 7 and 8 stand or fall by themselves.
2. Claim 14 stands or falls with claim 2.
3. Claim 20 stands or falls with claim 8.
5. Claim 19 stands or falls with claim 7.
6. Claims 3, 4, 5, 6, 9, 10, 11, 13, 15, 16, 17, 18, 21, 22, 23 and 24 stand or fall with claim 1.

With respect to Issue 2 above:

1. Claim 12 stands or falls by itself.

ARGUMENTS

Issue 1

As discussed above, independent claim 1 is directed toward a method whereby buyer purchases are accounted for by debiting a buyer vault. Additionally, when a buyer is given a refund, the refund amount is credited to the buyer vault and is also accounted for in a separate refund account. Thus, while the accounting for the refund in the vault ensures that the funds in the buyer's vault accurately reflects the current status of all refunds and purchases, the refund account provides a view of the total refund activity by a particular buyer over time. The provision of this refund account allows for the easy identification of potential refund abusers by simply reviewing the current status of the refund account associated with any particular buyer. It is submitted that Rose does not teach or suggest the claimed refund account in which refunds are tracked separate from total refund and purchase activity that are accounted for in a buyer's vault.

Rose is directed to a transaction system that controls the ordering and payment of goods between a buyer 20 and a seller 28 over a communication channel such as the Internet 12. The invention of Rose is directed to the payment system 10. Payment system 10, however, doesn't perform any accounting but is simply hardware and software that ensures that confirmation from the buyer 20 is received prior to the payment system 10 forwarding a seller 28 request for payment to a conventional credit card system 115, 117, and 30. Rose does not teach or suggest the claimed steps of crediting a vault at a payment computer with a refund request amount while at the same time accounting for the refund request amount in a separate refund account at the payment computer.

The Examiner submits that Rose teaches the creating of the claimed refund account at a payment computer and relies upon col. 3, lines 38-43; col. 5, lines 25-30, and col. 6 lines 19-21 and 33-37 of Rose in support of this position. However, it is submitted that nothing in Rose, including the aforementioned sections support the Examiner's position.

Regarding col. 3 lines 38-43, this section only refers to the financial settlement system 30 which is a conventional credit card system. The acquirer 34 is the seller's bank which requests payment from the credit card issuer bank 32. The issuer 32 sends the conventional monthly

statement and credit card bills to the buyer. Therefore, this section does not address the establishment of the claimed refund account for the buyer and is not even directed to a vault having buyer funds therein. The buyer sends payment to the issuer bank 32 which forwards the payment to the acquirer bank 34.

Col. 5 lines 25-30 also does not discuss the establishment of a buyer vault or the claimed refund account. This section only states that buyer accounts 100 can be established at the payment system 10. However, these accounts 100 (shown in Figure 4) are not vaults or any type of accounting system. The account 100 is simply a way of identifying the buyer at the system 10. The account 100 includes a pay-in selection 108. The pay-in selection 108 identifies how payment will be made which, as discussed at col. 5 lines 62-64, is typically done using the conventional credit card system 30.

Col. 6 lines 19-21 and 33-37 discuss the role of a conventional seller's agent 115 who performs the credit card authorizations and chargebacks. The chargeback is simply a refund credit applied to the credit card account that shows up as a debit on the monthly statement. The applicants are not claiming they are the first to establish giving refunds. What is being claimed is the establishment of a refund account, separate from the buyer vault, that can track the total amount of all buyer refunds over time in order to identify potential refund abusers. This section of Rose does not teach such a refund tracking mechanism.

For each of the reasons set forth above, it is submitted that Rose neither anticipates nor renders obvious independent method claims 1 and 13 and independent apparatus claim 24.

Claim 2 depends from claim 1 and recites that when the total cost of all refund requests that are accounted for in the refund account exceed a threshold, the buyer's vault is rendered inactive. As discussed above, Rose does not teach the claimed use of the refund account. Column 6 lines 19-20 simply discuss the general concept of chargebacks.

Claim 7 recites that the payment computer also keeps track of the number of times refund requests are made by a buyer and inhibits the refund activity from occurring if a predetermined threshold of requests has been exceeded. Once again the Examiner relies on column 6 lines 19-20 for support of his position. However, these lines do not teach or suggest the claimed threshold check as it relates to the number of refunds requested.

Claim 8 recites that if the refund costs accounted for in the refund account do not exceed the threshold value over a predetermined period of time the refund account is reset to an initial value. This takes into account the situation where the threshold amount could be met over a long predetermined period of time but such activity does not warrant inhibiting further refund activity. Thus, the refund account is reset. Once again column 6 lines 19-20 which are recited by the Examiner as support for his position do not teach or suggest the limitations of claim 8.

Issue 2

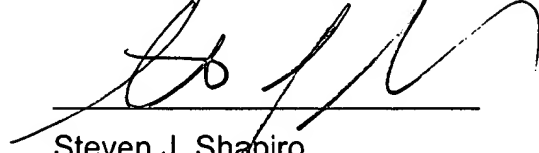
Claim 12 recites a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 1. It is submitted that the arguments set forth above describing the deficiencies of Rose with respect to claim 1 are applicable to claim 12 as well. Further, the secondary reference (Hawkins) does not teach or suggest the claimed use of the refund account and therefore does not correct the deficiencies of Rose.

SUMMARY

It is submitted for each of the reasons enumerated above that claims 1-24 are not rendered obvious in view of the applied references. Accordingly, the Appellants respectfully

request that the Board reverse the Examiner with respect to the rejections set forth in the Second Office Action.

Respectfully submitted,



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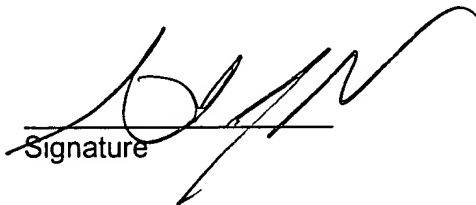
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on April 30, 2003
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Name of Registered Rep.


Signature

April 30, 2003
Date

APPENDIX A

1. A method for facilitating electronic refunds in an online commercial transaction, the method comprising the steps of:
 - A) establishing communication over a network between a payment computer and a buyer computer, the payment computer having a vault with buyer funds therein and a refund account for a buyer;
 - B) receiving at the payment computer a plurality of requests from the buyer computer to purchase items, each of the plurality of requests being associated with a corresponding one of the items;
 - C) accepting the plurality of requests to purchase items and debiting the vault to account for costs related to all of the items;
 - D) receiving at the payment computer from the buyer computer a buyer selected request to refund the cost of at least one of the corresponding ones of the items; and
 - E) upon receipt of the request to refund, the payment computer accounting for the cost of the at least one of the corresponding ones of the items in the refund account and crediting the vault with the cost of the at least one of the corresponding ones of the items thereby effectuating a refund to the buyer.
2. A method as recited in claim 1, further comprising the steps of processing additional buyer selected requests to refund the costs of other ones of the corresponding ones of the items and accounting for the costs of the other ones of the corresponding ones of the items in the refund account; and

at times when a total cost of all requests to refund that are accounted for in the refund account exceed a threshold value, rendering the vault inactive.

3. A method as recited in claim 2, further comprising ensuring that the buyer is compensated for buyer funds remaining in the vault at the time the vault is rendered inactive.
4. A method as recited in claim 3, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.
5. A method as recited in claim 4, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step E) from occurring.
6. A method as recited in claim 5, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step E) from occurring.
7. A method as recited in claim 6, further comprising keeping at the payment computer a count of the number of additional requests to refund the costs of other ones of the corresponding ones of the items and inhibiting step E) from occurring if the number exceeds a threshold number.

8. A method as recited in claim 7, further comprising at times when all costs accounted for in the refund account do not exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value.
9. A method as recited in claim 1, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.
10. A method as recited in claim 9, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step E) from occurring.
11. A method as recited in claim 10, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step E) from occurring.
12. A payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 1.
13. A method for facilitating electronic refunds in an online commercial transaction, the method comprising the steps of:

A) receiving at a payment computer a plurality of requests from the buyer computer to purchase items, each of the plurality of requests being associated

with a corresponding one of the items, the payment computer including a vault having buyer funds therein and a refund account for a buyer;

B) accepting the plurality of requests to purchase items and debiting the vault to account for costs related to all of the items;

C) receiving at the payment computer from the buyer computer a buyer selected request to refund the cost of at least one of the corresponding ones of the items; and

D) upon receipt of the request to refund, the payment computer accounting for the cost of the at least one of the corresponding ones of the items in the refund account and crediting the vault with the cost of the at least one of the corresponding ones of the items thereby effectuating a refund to the buyer.

14. A method as recited in claim 13, further comprising the steps of processing additional buyer selected requests to refund the costs of other ones of the corresponding ones of the items and accounting for the costs of the other ones of the corresponding ones of the items in the refund account thereby maintaining in the refund account data indicative of a total cost associated with all requests to refund; and

at times when the total cost of all requests to refund that are accounted for in the refund account exceed a threshold value, rendering the vault inactive.

15. A method as recited in claim 14, further comprising ensuring that the buyer is compensated for buyer funds remaining in the vault at the time the vault is rendered inactive.

16. A method as recited in claim 15, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.
17. A method as recited in claim 16, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step D) from occurring.
18. A method as recited in claim 17, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step D) from occurring.
19. A method as recited in claim 18, further comprising keeping at the payment computer a count of the number of additional requests to refund the costs of other ones of the corresponding ones of the items and inhibiting step D) from occurring if the number exceeds a threshold number.
20. A method as recited in claim 19, further comprising at times when all costs accounted for in the refund account do not exceed the threshold value over a predetermined period of time, resetting the refund account to an initial value.
21. A method as recited in claim 13, further comprising keeping a transaction log of all of the buyer purchases and requests to refund.

22. A method as recited in claim 21, further comprising the step of checking the transaction log to determine if the at least one of the corresponding ones of the items was previously purchased by the buyer and at times when the at least one of the corresponding ones of the items was not previously purchased by the buyer inhibiting step D) from occurring.
23. A method as recited in claim 22, further comprising checking the transaction log to determine if the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made and at times when the buyer selected request to refund the cost of the at least one of the corresponding ones of the items was previously made inhibiting step D) from occurring.
24. A payment computer having a computer-readable medium including computer-executable instructions for performing the steps in the computer-implemented method of claim 13.